

# Supporting Statement for Paperwork Reduction Act Submissions

## Single Family Premium Collection Subsystem-Periodic (SFPCS-P) OMB Control Number 2502-0536

### Justification:

1. The Credit Reform Act of 1990 requires FHA to report case level mortgage insurance premium payment information for each endorsement beginning with FY 1991. Section 24 CFR 203.264 requires mortgagees to pay the periodic mortgage insurance premium (MIP) that is due for insured mortgages on or before the tenth day of each month. Section 24 CFR 203.269 allows the Commissioner to require that the MIP be remitted electronically.
2. FHA lenders provide the subject information to facilitate electronic transmission of periodic payments of MIP via the Automated Clearing House (ACH) system. Pay.gov processes payments electronically (electronic funds transfer or EFT) through the Automated Clearing House (ACH) using a checking account debit. The Federal Reserve Bank of Cleveland, which maintains the Pay.gov system, is used for the ACH debit. Pay.gov is managed by the Financial Management Service bureau of the U.S. Department of the Treasury.

Case level detail of all MIP payments is submitted when the MIP is paid. The mortgagee pays each MIP in twelve equal monthly installments. Each monthly installment is due to the FHA Commissioner no later than the tenth day of each month, beginning in the month in which the mortgagor is required to make the first monthly mortgage payment.

3. All information is submitted electronically via the Automated Clearing House (ACH). Copies of screen shots are attached.
4. No duplicate data exists. The data is not available from other sources.
5. The collection of this information does not impact on small businesses or other small entities.
6. If the detailed MIP collection data is not gathered, FHA will not be in compliance with the Credit Reform Act and proper funds transmission cannot be accomplished.
7. The following special circumstance causes this information to be collected more often than quarterly. Mortgagees are required to submit MIP data on a monthly basis when they make their payments through ACH to comply with the Credit Reform Act. The monthly payments are required in order to prevent fraud, waste, and mismanagement of FHA funds.
8. In accordance with the requirements of 5 CFR 1320.8(d), the Notice soliciting comments on this collection of information was published in the *Federal Register* on Friday, November 18, 2011 (Vol. 76, No. 223, pages 71591-71592).

Comments....

Information about the system has been given at MBA meetings, lender conferences, and through the Internet. Comments are favorable.

One question received was if lenders have the option to continue paying their monthly Mortgage Insurance Premium via check.

The answer given was that checks are no longer accepted, all lenders are required to pay their Periodic Mortgage Insurance Premium electronically via a checking account debit, through either the FHA Connection or a CPU to CPU batch file transmission.

Another question was regarding when monthly mortgage insurance premiums are due.

The answer given was that premiums are due the 1st day of the month following the billing. There is a grace period until the 10th day of the month. Payments with a received date after the 10th are assessed late charges in the amount of 4% of the current premium owed.

A third question was how payments are applied.

The answer given was that payments are applied first to any late charges, second to any interest charges, third to premium, and last to unapplied. If the amount owed in late fees is not included in the remittance, the late charge will be subtracted from the amount that is applied to the premium. The lender will then face additional penalties based on the unpaid premium.

Other comments received generally state that the system is easy to use, and provides useful and accurate information.

- 9. There are no gifts or any payments to respondents.
- 10. No assurance of confidentiality is needed or provided.
- 11. There are no sensitive questions involved in this collection.
- 12. Respondent Estimated Burden:

Number of respondents varies depending upon lenders holding mortgages requiring periodic insurance premium payments. Participating lenders hold a widely varied number of mortgages; some hold only a few, and some hold well over a million.

All periodic (monthly) mortgage insurance premium payments are sent electronically to HUD, either through the Internet using the FHA Connection or through CPU to CPU batch file transmissions, and processed using Pay.gov, a secure government-wide collection portal managed by the Financial Management Service bureau of the U.S. Department of the Treasury. Pay.gov processes a payment electronically (electronic funds transfer or EFT) through the Automated Clearing House (ACH) using a checking account debit.

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Information Collection	Number of Respondents	Frequency of Response	Responses Per Annum	Burden Per Response	Annual Burden Hours	Hourly Cost Per Response	Annual Cost
MIP's	1,536	12	18,432	.15	2,765	\$24.00	\$66,360

Hourly rate is based on an estimate of the annual salary of lender clerical staff at \$51,840

- 13. There are no other costs to the respondents.
- 14. Federal Government Costs: None. ATSC is now providing on-going support of the A80B Pay.gov operations at no additional cost. Treasury estimated we saved them \$4 million annually.

For software support, we do not have an exact figure. If, we were to estimate, we would say 5% of the current systems operations budget, or \$53,120.60 at a maximum.”

15. This is an extension with change of a currently approved collection. Information on the number of respondents and responses is based on actual HUD data for the past year. The number of respondents varies, depending upon lenders holding mortgages requiring periodic insurance premium payments. Participating lenders hold a widely varied number of mortgages; some hold only a few, and some hold well over a million. This may affect the number of program participants, thus adjusting the responses received and burden hours reported through the system.
16. The results of the information collection will not be published.
17. HUD is not seeking approval to avoid displaying the expiration date.
18. There are no exceptions to the certification statement identified in item 18 of the OMB 83-I.

**B. Collections of Information Employing Statistical Methods:**

The collection of this information does not employ statistical methods.